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MIT professor named top economist under 40 The Boston Globe

Key study minimizes geography in formation of rich vs. poor nations

By Robert Gavin, Globe Staff | June 15, 2005

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CAMBRIDGE -- Daron Acemoglu grew up in Turkey during a tumultuous period of economic crises and political unrest, when hyperinflation sapped spending power; rural poor streamed into cities, only to find squalor and more poverty; and terrorist attacks frequently rocked the nation, leading to the military coup of 1980.

Living through these times, Acemoglu, the only child of a middle-class couple, said he often wondered why Turkey's development lagged that of the United States and other industrialized nations. Some two decades later, as an economist and professor at MIT, he came up with an answer.

Acemoglu's groundbreaking work in explaining that gap between rich and poor nations recently helped him win the John Bates Clark Medal, awarded every two years by the American Economic Association to the nation's top economist under 40. Acemoglu, 37, joins an elite club that includes 11 Nobel Prize recipients, and giants of the field such as MIT's Paul Samuelson, the University of Chicago's Milton Friedman, and Harvard's Martin Feldstein.

"The cast of people who have been awarded this is staggeringly strong, and it's a great honor," Acemoglu said. "It's one of those things that you never fully expect to win."

In awarding the Clark medal to Acemoglu, the economic association noted a large and diverse body of original research, which has ranged from developing statistical models to exploring the relationship between technology and income inequality. In particular, the association cited as "especially innovative" his recent work, which concludes that political and social institutions, rather than geography, are the key factors determining why a nation is rich or poor.

Acemoglu's institutional theory challenges a widely held notion that the wealth of nations is guided by geographical features such as proximity to seaports, the availability of rich farmland, or climates less conducive to disease. But, said Acemoglu, the idea that "geography is destiny" can't explain why nations that were once rich are today poor.

For example, the geography of Peru hasn't changed, but in the 15th century, it was the center of the wealthy Inca civilization. Conversely, the Native American cultures of North America were far less advanced than the Incas, but today the United States is the world's wealthiest nation.

The reversal of fortunes, Acemoglu argues, is because of the different political and social institutions colonial powers established, based on the conditions they found. In the sparsely populated American colonies, settlers created a relatively open society that allowed new players to participate in the economy and prosper.

But in Peru, where the Spanish found a populous, urban society, they exploited the conquered Incas, using them as slave labor and creating institutions that kept wealth in the hands of a few, ultimately resulting in an economy unable to renew itself and grow.

"Colonialism is a big event that economists have not talked about," Acemoglu said. "Historians talk about it. Political scientists talk about it. But economists just focus on the last 50 years."

That Acemoglu would seek answers some 600 years in the past provides just one example of the broad vision and wide interests that have distinguished him, colleagues say. In a still young career, his research has made important contributions to macroeconomics, the study of national economies; labor economics, the study of employment, unemployment and job markets; and political economy, which studies the relationship between politics and markets.

He has even coauthored papers on electrical engineering with his wife, Asu Ozdaglar, an

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electrical engineering professor at MIT.

"He is interested in everything," said James Robinson, a Harvard University professor who has collaborated with Acemoglu for a decade. "Most of economics is specialized, knowing more and more about less and less. His strategy is to know more and more about more and more."

Acemoglu, who grew up in Istanbul, attributes his curiosity to his parents. His father, Kevork, who died in 1988, was a law professor and practicing attorney; his mother, Irma, who died in 1991, was a middle school principal and teacher.

"It was a house full of books," he said, "and I became an avid reader."

As a teenager, Acemoglu said, he developed interests in politics and social issues, which, with his interest in math, made economics a likely subject to pursue. After high school in Turkey, he earned his bachelor's degree at the University of York in England, and then his master's and doctorate at the London School of Economics.

Acemoglu arrived 12 years ago at MIT, where he soon impressed with his scholarly rigor and range. Colleagues describe him as intellectually tough, but personable and generous. Simon Johnson, a professor at MIT's Sloan School of Management, and another of Acemoglu's collaborators, said graduate students are typically lined up outside his office, seeking advice.

"The key to being a great adviser is to be able to help other people hone their ideas," Johnson said, "and he has the ability to switch between ideas like I've never seen before. It's amazing how he juggles these balls and adds value."

More juggling appears on the horizon for Acemoglu. He and Johnson are studying the impact of public health on economic growth, while he and Robinson in August will publish a new book, "Economic Origins of Dictatorship and Democracy."

"Whenever I see a problem, I become curious," Acemoglu said. "I love research, and it's just so hard to give anything up."

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